HARVARD UNIVERSITY
DEPARTMENT OF SOCIOLOGY
JAN 20 1934

The Social Questions Bulletin

Issued Monthly Except July and August by
THE METHODIST FEDERATION FOR SOCIAL SERVICE
150 FIFTH AVENUE, NEW YORK CITY
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The general policies of this publication are determined by the Executive Committee of the Methodist Federation for Social Service, subject to approval by the General Council of the Federation. The selection of topics and material is committed to the Secretaries, who are responsible to the Federation and to the public for its accuracy.

Entered as second-class matter January 21, 1919, at the Postoffice at New York, N. Y., under Act of August 24, 1912. 312

Volume 24 | January, 1934 | No. 1

THE FARMER AND THE NEW DEAL

The New Deal necessarily included special attention to the farmers' plight. The farmers constitute about 25 per cent of the total population, but have been receiving only about 10 per cent of the national annual income. Ever since the war farmers have suffered a disparity between the prices of products they sell and prices of things they must buy—the purchasing power of farm products has ranged from about 50 per cent of pre-war to about 90 per cent of what it was in 1910-1914. The administration proposed to use the powers of the government to secure parity prices for farm products and to relieve farm debts so that farmers could keep their farms. The parity is to be at about the 1926 price level, the level at which most farmer debts were incurred.

THE A. A. A.

The Agricultural Adjustment Administration, the AAA, is a companion of the NRA. The law creating it aims "to establish and maintain such balance between the production and consumption of agricultural commodities and such marketing conditions therefor" as will bring farmers' purchasing power back to the 1910 to 1914 level (for tobacco 1919-29 is the base for comparison).

Production Reduction. Congress gave attention to the huge "surpluses" resulting from reduced foreign (and also domestic) demand. The act provides for reduction of production by "voluntary" methods. The Federal Farm Board had not been able to secure such reduction. The Secretary of Agriculture is given broad powers. He may provide for reduction in acreage or in production for market, or both, of any basic agricultural commodity through agreements with producers or other voluntary method and provide for rental or benefit payments in connection therewith to raise the prices received by cooperating farmers up to parity. The rental or benefit payments to cooperating farmers are paid them on their proportional allotment of the domestic consumption of the product, out of the proceeds of a processing tax. The Secretary of Agriculture is also empowered to enter into market agreement with processors and others engaged in the handling of farm products and to issue licenses permitting such to engage in the handling of agricultural commodities or products thereof, or competing commodities.

Producer and Consumer Pay. As it works out, the processing tax is sometimes paid almost entirely by consumers, sometimes largely by producers, sometimes it is shared by the two groups. To the extent that the program is effective in creating an artificial scarcity so that supply and demand force the price up to parity, the consumers pay in the form of a sales tax. This bears heavily on small income folk who spend all they earn; lightly on those with large incomes. This means that the poor consumers are taxed to help the poor farmers. The cost of the processing taxes to consumers is estimated at about $600,000,000 a year.

Is there any real need to create an artificial scarcity of farm products in order to restore the prices of farm products to parity—except that it is the only way it can be done under the present profit system?

Can those whose religion demands the provision of the highest possible material and cultural standard of living for everyone participate with good conscience in such a program to reduce production when there are millions of starving people in the United States and in other parts of the world?

THE WAY THE PROGRAM WORKS

The Department of Agriculture handles the production reduction program through AAA officials and the Extension Service in the states and counties.

Getting at It. The County Agricultural Agent calls together a committee of lead-

ing farmers producing wheat, cotton, tobacco, or corn and hogs. The committee arranges meetings of the farmers producing that commodity, at which the farmers are asked to sign contracts with the Secretary of Agriculture agreeing to reduce their acreage and production by the amount estimated as necessary by the statisticians in Washington. The aim is to reduce the market supply to the point at which the cooperating farmers will receive approximately the parity price for their domestic allotment production, from the price obtained on the local market plus the benefit payment.

Cotton. Cotton was the first crop attacked. In many sections the crop was planted and about half grown. Cooperating farmers contracted to plow up 10,000,000 acres in return for rental and benefit payments. This plow-up reduced the crop by 4,000,000 bales and is bringing the south an estimated gain of $256,000,000. Before the 1933 crop was harvested stocks of cotton equalled the whole year's consumption—an accumulation due to reduced consumption. 844,063 bales have been turned over to the Red Cross for relief—but a fraction of the accumulation and but a drop in the bucket of need.

Wheat—Corn—Hogs. 570,263 wheat farmers controlling 80 per cent of the wheat acreage have agreed to participate in reducing wheat acreage in 1934 by 15 per cent. It will take the best wheat land as well as the poor land out of production. Benefit payments of about 28c a bushel will total about $100,000,000. The corn-hog production reduction campaign got under way late in the fall of 1933. It is expected to bring $350,000,000 to cooperating farmers. Most of these are located in the corn belt.

Tobacco. The tobacco reduction program was started in the summer of 1933 with growers of cigar types of tobacco. Those who signed up received substantial benefit payments. It was found impractical to get growers of cigarette and pipe smoking tobaccos to sign up contracts to plow under their growing plants, for growers hoped that tobacco would be included in the speculative advance in commodity prices. In this they were disappointed. The governors declared tobacco holidays and closed the markets until the AAA officials negotiated agreements with the dominating tobacco interests to purchase their requirements at parity prices. The condition was that the AAA sign up the producers to reduce acreage and production by at least 30 per cent in 1934. The objective was gained in 3 weeks' whirlwind campaigns, after which the markets reopened at the parity price level. The crop is large this year, but the farmers will have more purchasing power than they have had any time in the past 4 years.

In some sections of the country the farmers have regarded the benefit payments under the AAA as gifts from the government. What are the moral consequences of such subsidies?

LICENSING THE DEALERS

The licensing features of the act have been "successfully" applied in regard to several different kinds of fruit: in California to the canners of cling peaches, where a substantial quantity of peaches was left unharvested and farmers received about the market value for the fruit, while millions of poor city people went without; and in the northwest where licenses and market agreements have covered shipping and sale of some fruits. An example of their operation is seen in the agreements between the Secretary of Agriculture and milk condenseries. The Wisconsin milk strike brought the AAA into prompt action in the milk industry.

Milk—Butter—Cheese. The agreement with the condenseries increased the price paid the farmers for milk about 50c per hundred pounds. Minimum prices on canned milk were established to eliminate the price cutting competition which had reduced the prices to producers to levels far below the cost of producing the milk on efficient farms. At the end of December no definite plan concerning butter and cheese was in operation. The AAA Surplus Marketing Corporation made purchases of butter during the fall months and prices were thus stabilized at a higher level than would have been possible otherwise. Federal relief agencies are expected to purchase substantial amounts of butter and cheese for families on relief, *but will these be sufficient to help either the hungry or the farmers?*

Milk Market Agreements. The AAA has been working on agreements between the milk producers' cooperative marketing associations, the distributors on a particular market and the Secretary of Agriculture. The major points covered are: minimum price of milk to consumers, minimum prices to producers and a method of controlling production. Over 200 such agreements had been submitted to the AAA up to the middle of December. But less than 20 had been approved and put into operation. The delay, due to inadequate staff, is cooling the ardor of dairymen in some areas for the AAA.

Recognizing Co-ops. The milk section is the only department of the AAA which has definitely recognized the cooperative marketing associations. This section sees that the permanent stability of a milk market depends upon an effective organization of the farmers who will be alert to protect and foster the producers' interests. Many new milk marketing associations have been established to help the dairymen to function effectively in furthering their interests under AAA. Even under these market agreements the farmers are unable to secure the full parity price for their milk because the city consumers are unable to purchase as much fluid milk as they need or as the farmers are producing. As a result too large a proportion of the milk has to be con-

verted into sub-parity priced dairy production.

Does It Point a Way? The AAA program for licensing milk distributors shows how government machinery can be used to regulate and control competitive industry. But the Chicago Milk Producers' Association had the AAA agreement cancelled because some distributors would not pay producers the prices specified, and claimed the government would not enforce the agreement?

Can the government control profit-seeking business?

How can farmers obtain parity prices until the city workers obtain their fair share of the national income?

GOVERNMENT CREDIT FOR FARMERS

Agricultural Credits. A section in the AAA act provides further government assistance in agricultural credits—not full government credit, but government backing in helping the quasi-governmental federal land bank system provide mortgage loans to farmers at low rates of interest. Also farmers are granted a five-year moratorium on payments of principal of loans from these banks and reduction of the interest rate to 4½ per cent during the next five years. Congress appropriated $15,000,000 to enable these banks to carry on without these immediate farmer payments. To enable farmers to redeem or repurchase property lost through foreclosure after July 1, 1931, Congress appropriated $200,000,000 to be loaned farmers in amounts up to $5,000, but not exceeding 75 per cent of the normal value of the farm property.

Further Help. Congress has also provided relief to drainage and irrigation districts and the holders of their bonds by providing $50,000,000 to be loaned at 5 per cent interest. Another phase of relief is the loaning to farmers of money to hold their corn, cotton, etc., off the market until prices have improved. Corn belt farmers are being loaned 45c per bushel on corn sealed in storage on their farms at 4 per cent interest. An Iowa survey when the program started showed 57 per cent of the farmers in favor of the scheme, 30 per cent opposed.

Farmers Apply. Up to November 24th, 400,000 applications had been filed for loans permitted by the act passed in May. Thousands of farmers have thus kept their farms. In many cases a telegram from Washington has stopped a foreclosure sale until the land bank could act on the application for loans. Debt conciliation committees have been set up in most agricultural states to aid in the scaling down of debt, on a voluntary basis. But foreclosures and delinquent tax sales continue, though in less volume (see below). Red tape, especially in getting production credit, has sometimes held up the loan until the time for using it has passed.

Farm Credit Administration. The Farm Credit Act passed in May embodies a program for a unified system of farm credit institutions, with four divisions: land bank; intermediate credit bank; production credit; bank for cooperatives—each with a regional set-up in Federal Reserve districts and the activities of each integrated through a joint board of directors. The majority of the directors are elected by the farmer borrowers and the farmer organization borrowers.

Will this machinery for credit save the day for the farmers? Or is a general moratorium needed? Adamant creditors still refuse to scale down the amount of the mortgage. County officials persist in adhering to the letter of the law regarding tax sales; the amount of indebtedness is reduced very little; the evil day of reckoning is merely postponed for five years.

Will prices of farm products advance sufficiently and will the volume that can be sold be expanded sufficiently so that the debt laden farmers can pay out?

Is the Farmers' National Committee for Action more realistic in demanding outright cancellation of debts? Is recovery possible with the heavy weight of debt on our farm people?

WHAT FARMERS THINK OF IT

Members of the rural committee of the Methodist Federation for Social Service have sounded farmer opinion on how the New Deal affects them. The survey has covered most sections of the country.

Has It Raised Farm Prices? Most of the farmers believe that the AAA has not helped raise prices of the things they have to sell. Some of the hog raisers say that the processing tax on hogs has caused the packers to lower the price they pay. In that case it will be the farmers who do not sign up to reduce who pay the benefits to those who do. The marked improvement in price of cotton since spring in spite of a good crop is credited by the farmers to AAA, while improvement in wheat prices is credited to the drouth. The AAA is acknowledged to be responsible for the rise in price of tobacco. The only farmers who are satisfied that the program has actually helped them are the fluid milk producers supplying some of the large city markets, where under the AAA agreement distributors are licensed and required to pay higher prices.

How Farmers React. A minority of farmers has been convinced by propaganda of the necessity of reducing production. Many have been induced to "cooperate" by their great need of the immediate cash that is forthcoming when the contracts are signed. But farmers are traditional individualists and want to be left alone to produce what they will. Moreover, while a minority overlook the human aspect of the program if it means gain for them, the vast majority strongly disapprove of reducing production

to the "effective demand" when millions are half-starved and ill-clad. Some, even while cooperating, express a sense of outrage at the procedure.

The Debt Problem. The government financial plan has helped many farmers, but has failed to help many who need it most. Those who bought at peak prices so that 75 per cent of the normal value of the property is less than what they owe are unable to get help under the AAA. In some sections the program has not been explained and creditors may take advantage of farmers' ignorance. The limitation of $5,000 in the case of the Farm Commissioners' Loan has been a hardship to many of the large scale farmers. In some cases the FCA loans have enabled farmers to meet back taxes and save their farms, and in some sections have enabled those who could still borrow on the security of their farms to get money to pay off local bills.

Foreclosures Continue. Farm mortgage foreclosures continue, though in most parts of the country the number is greatly reduced—not always only to the hopeless cases. In some sections red tape has prevented getting loans in time. In Iowa some of the creditors "seem set on getting the full amount of the obligation and will dispossess the farmer in the effort" in spite of the activity of the debt conciliation committee. In Wyoming the money lenders are reported to be still bluffing the farmers out of their farms by claiming that they cannot get any help from the FCA.

Has Their Condition Improved? Farmers agree that the NRA has rapidly increased prices of things they must buy. Many think they are worse off than they were last year, though gross farm income for 1933 is estimated at $6,100,000,000, plus $300,000,000 AAA benefit payments, as compared with $5,100,000,000 for 1932. U. S. Department of Agriculture figures show that prices of farm products in November, 1933, averaged 71 per cent of the pre-war prices as compared with 54 per cent last November, whereas prices of things farmers buy now cost 117 per cent of pre-war as compared with 104 per cent a year ago. The average purchasing power of farm products has thus improved from 52 per cent of pre-war to 61 per cent. But farmers are not buying such a variety of things and in such large quantities as they did in normal times and prices of things they must buy regularly have advanced greatly. Overalls are about double the 1932 price. Gasoline for tractors in Oklahoma costs 9c a gallon as compared with 4½c. Truck tires have jumped from $15 to $21. Even during the so-called prosperous years of 1922 to 1929 prices of farm products were below the pre-war relation to prices of things farmers buy, so that farm purchasing power averaged only 90 per cent. That disparity is the main reason for the foreclosures and tax sales which have claimed nearly 25 per cent of all farms since 1925. 37 per cent of all sales of farms in 1933 were forced sales.

How many mortgaged farms can "pay out" when the purchasing power of farm products is less than two-thirds of normal and has small chance of rising as high as the pre-war normal?

Getting Their Eyes Open. Some farmers are coming to see: that if inflation raises farm prices it will also raise prices of things farmers must buy; that there is no great difference between the two old parties, and that there is need of a party to represent the interests of the producing classes, farmers and workers (and that the interests of these are mutual); that there is much profiteering on the part of manufacturers and merchants. Sometimes the education department of the cooperative makes the latter point clear. Sometimes a socially minded rural preacher interprets the New Deal for the farmers.

For a New Social Order? Some rural preachers in Iowa and Wyoming are helping farmers to see that their plight is the inherent result of the profit system. One preacher reports, "perhaps no one policy has done more to cause farmers to question the correctness of the economic set-up than the destruction of produce and the limitation of production." But few farmers have yet begun to discuss the development of a new order. The majority still hope that the old can be fixed up by means of taxation, wages and prices.

How can the profit system, with its inherent "hogging" of a disproportionately large part of the annual national income by the profit takers so that the producers never have adequate purchasing power, ever solve the farm problem?

Is there any way out for our farmers except through the building of a planned co-operative economic system, consciously operated in the interest of the producers on our farms and in our cities? Do the principles of our gospel also lead in the same direction?

Sources. Texts of Acts discussed; printed matter of AAA; "AAA News Digest"; current daily, liberal and church press; a survey of farm conditions and opinions by the following members of the Rural Committee: G. H. Weaver, South Salem, Ohio; Ida O. Howell, Scotch Plains, N. J.; A. M. Krahl, Chicago, Ill.; Ernest Kistler, Columbus, Wisc.; LeRoy H. Klaus, Byron, Minn.; R. D. Tomlinson, Guymon, Okla.; H. E. Morrow, Hopkinton, Iowa; R. H. Laury, Buffalo, Wyo.; W. B. Saxman, Willis, Mich.; Paul Rusby, Middlebury, Vt.

TO OUR MEMBERS

Report of the vote on propositions submitted in November Bulletin is postponed as the votes are not all in. *Have you sent yours?*

Some members are devising original ways to get our Crisis Leaflets distributed. Let us have your suggestions. (Send 3c stamp for samples.)

Additions to H. F. W's schedule printed in December Bulletin: Minneapolis, February 9 to 11 (F. A. Kufus, West 44th Street and Upton Avenue, So., Minneapolis); Madison, Wisc., February 13 (H. C. Snyder, Steven's Point, Wisc.); Milwaukee, February 14 (J. C. Lazenby, 3544 No. Frederick Avenue, Milwaukee).